



# CLEAN WATER ACTION

CONNECTICUT

**Testimony of Roger Smith, Campaign Director, Clean Water Action**  
**Finance, Revenue and Bonding Committee 3/2/09**  
**Raised Bill 1001: *AN ACT CONCERNING THE FUEL OIL CONSERVATION ACCOUNT***

Clean Water Action is a national environmental non-profit with 25,000 Connecticut members. We have worked on energy-related issues in Connecticut since 1998. Since 2003, Clean Water Action staff have promoted clean energy and energy efficiency at the town and individual level through the 20% by 2010 campaign. We are currently organizing free forums across the state to educate residents about how to make their homes more energy efficient and what programs are available to help.

Progress on home energy efficiency for heating have lagged far behind clean energy and electricity efficiency programs, so we appreciate the efforts by this committee to remedy this problem. Establishing a stable, consistent financing mechanism will create new green jobs for Connecticut workers and stem the flow of dollars out of Connecticut to purchase heating oil.

### **Status of Fuel Oil Conservation programs**

In 2007 the legislature created a Fuel Oil Conservation Board and last year they received \$10 million from a surplus from the petroleum gross receipts tax. In a few short months the board hired an administrator and created a solid plan to coordinate with the CT Energy Efficiency Fund, but before the plan could be enacted the legislature diverted all \$10 million into the general fund in late 2008.

We supported legislation to create a dedicated funding stream for fuel oil in 2005 and 2006, but that legislation did not pass in part because the oil lobby claimed that at \$2/gallon, fuel oil prices were too high for consumers to be able to afford an additional few pennies per gallon. Fuel oil prices then nearly *doubled* by mid-2008. In response, in last summer's special session the legislature diverted money from the budget surplus to go directly into heating oil assistance, but had fuel oil prices remained near \$5.00 per gallon that amount of direct assistance (where \$1 of the state budget pays for \$1 of a heating oil customer's bill) would not have gone far.

The best way to insulate consumers from the next shock in oil prices is to do what this bill proposes and have oil and propane customers contribute to a stably funded heating oil independence fund which will provide cash-strapped customers with the financial help they need to make their homes more energy efficient. **CT should prioritize homes receiving energy assistance for efficiency help, so as not to essentially burn public assistance money as fuel is wasted in an inefficient home.**

### **Heating Oil Conservation Ready to Go**

**Fuel oil conservation programs must be coordinated with the existing CT Energy Efficiency Fund ([ctenergyinfo.org](http://ctenergyinfo.org))** as members of the public cannot be expected to contact the CEEF for electricity efficiency help, OPM for a furnace rebate and the Oil Conservation Fund for oil or propane heating efficiency assistance. As the CEEF already has a marketing budget and access to utility mailings, we urge coordination to allow oil customers to access the *Home Energy Solutions* program at a lower cost than the \$300 that it will revert to once this year's funding from OPM runs out. Home Energy Solutions offers insulation and appliance rebates to homeowners who need it, and the Fuel Oil Conservation Fund should make comparable rebates available to oil customers.

**Comments specific to RB 1001:**

*Section 1. (NEW) (Effective July 1, 2009) (a) Each gas company registered pursuant to section 12-264 of the general statutes shall assess a charge of one dollar per month on each end use customer which shall be deposited into the fuel oil conservation account established pursuant to section 16a-22l of the general statutes, as amended by this act.*

Comment: We believe this section may have been written in error. There are already natural gas efficiency programs run by the CT Energy Efficiency Fund (CEEF). Since 1998 the CEEF has been overseen by the Energy Conservation Management Board and it now has representation from natural gas companies on the board. The benefit of the CT Energy Efficiency Fund is that there is full integration of natural gas and electricity conservation programs that enables one-stop shopping and a seamless experience for customers. **If the legislature wishes to consolidate, we would suggest adding members of the Fuel Oil Conservation Board to the ECMB and running gas, electric and oil programs out of the CT Energy Efficiency Fund rather than the opposite.**

**We support increasing funding for natural gas efficiency** as the current amount of roughly \$7 million per year for the entire state (compared with \$90 million + for electricity efficiency) is woefully inadequate. **Any additional natural gas funding should go into the CT Energy Efficiency Fund directly and not to the Fuel Oil Conservation Fund.**

*Section 1 (b) Each person, firm or corporation who sells at retail fuel oil or propane gas to be used for heating any building shall assess a charge of five cents per gallon on each end use customer, which shall be deposited into the fuel oil conservation account established pursuant to section 16a-22l of the general statutes, as amended by this act.*

Comment: We support establishing a consistent and stable funding mechanism for fuel oil and propane conservation, and a \$.05 per gallon surcharge to go towards heating oil independence is a good way to do that. We already have good programs for natural gas and electricity efficiency run through the CT Energy Efficiency Fund. These programs (such as Home Energy Solutions) could easily be expanded to help heating oil customers.

We support \$.05/gallon as reasonable, and barely noticeable compared to the swings in price of heating oil from \$2.00 to almost \$5.00 per gallon (and back) over the past few years. **\$.05/gallon will create a robust fund for heating oil conservation that is there for residents and businesses when they are ready to insulate, upgrade appliances, replace windows, or make other efficiency improvements. Such improvements can cut their energy use 20-50%, dwarfing the amount paid into the oil independence fund.** There is currently no funding for this type of help for non-low-income oil customers (and only limited help for low-income customers).

*(d) (1) The Fuel Oil Conservation Board shall advise and assist the program administrator in the development and implementation of a comprehensive plan, which shall be approved by the board, that implements cost-effective fuel oil energy conservation programs and [market] markets transformation initiatives for residential, commercial and industrial fuel oil customers. The board shall, as part of its review, examine opportunities to offer joint programs providing similar efficiency measures that save more than one fuel resource or to otherwise coordinate programs targeted at saving more than one fuel resource.*

Comment: We believe this change is unnecessary. "Market transformation" refers to a strategy of subsidization over a limited period of time to increase consumer (market) acceptance of new technologies like compact fluorescent bulbs, on-demand water heaters or EnergyStar appliances. The idea is to reduce the subsidy as consumers become comfortable with, and then demand, the more efficient appliance. It does not refer to "marketing."